A STRENGTHENED ECONOMY

Mr. NELSON of Florida. Madam President, yesterday I had occasion to begin some remarks, thinking I could make them within 10 minutes, with regard to the economy. There were others waiting in line at the end of my 10 minutes. I rise to continue those comments, pointing out that as we discuss these highly important, weighty decisions we have to make about war and peace and about homeland security, the Nation's military strength is undergirded by its moral strength and its economic strength.

It is due to the lack of that economic strength, as evidenced in an economy that has been in the tank, as evidenced by so many different indicators—unemployment going up, the stock market going down, the weakness of retail sales, the laying off of people, the poor earnings reports of companies all over America—that it is incumbent upon the Senate to bring its attention not only to the highly important matters of war and peace but that if we are to continue this war against terrorism, and if we are to do something about the developing of weapons of mass destruction in Iraq, for us as a Nation to be able to successfully prosecute these wars, we need to have a strengthened economy, a solid foundation in our economy.

There are a number of things we can do. Yesterday, I pointed out that we were faced with, about a year and a half ago, the beneficence, the wonderment of a surplus that was projected over the next decade that not only was going to allow us to accommodate a huge tax cut and spending increases on such things as we anticipated then, such as increased defense spending—this was before September 11—there were other high-priority items such as modernizing Medicare with a prescription drug benefit, increased spending to recognize and honor the veterans, the protection of the environment, a much larger investment in education; that we could accommodate not only a major tax cut along with those spending increases, but then we would also be able to save a part of that surplus—particularly the surplus that was generated in the Social Security trust fund—and that the surplus, in effect, over the next decade, was going to be able to pay down the national debt, and thus save us the sum of $250 billion to $280 billion a year that we are paying in interest.

But that did not occur. What occurred was that the projections for the surplus over the next 10 years were way too rosy. How many of us stood on this floor and said exactly that—not only this Senator from Florida but the Senator in the chair from New York said we ought to be conservative in our estimates of what this is going to be so we do not overobligate ourselves. We also said that when we enact a tax cut—and we want to—it ought to be a balanced approach so the tax cut doesn't absorb all of the surplus so that you can do these other things. The other things were increasing defense expenditures—and we said that before September 11. How true was that prophetic statement. But it didn't happen that way. Now we are running deficits in this year to the tune of about $150 billion. We have deficits that are projected over the next decade.

When you take into consideration that we are now borrowing out of the Social Security trust fund surpluses—something every one of us in the election of 2000 said we were not going to do—we were going to fence off the Social Security trust fund and it wasn't going to be touched. As a result of that, the surpluses were going to pay down the national debt.

Well, that did not occur because we were not wise and balanced in our approach to the Federal Government. It is a major contributor right now to the stock market being in the tank, and it doesn't make any difference that the stock market went up 350 points yesterday. The two previous days it went down that much. It is still sort of rocking along below 8,000.

What is that? That is a reflection of the lack of American investor confidence in American corporations. Why? In part, it is because the Federal Government has returned to deficit financing on an annual basis—that is, borrowing money to pay expenditures; therefore, it is deficit financing—when we said we had the opportunity to get out of that.

I had a little experience in this back in 1981 as a Member of the House of Representatives. I voted for a big tax cut and it took us not once, not twice, but three times to undo that tax cut in order to get the fiscal house in order.

I said I was for a big tax cut. I voted for a version on this floor last year to the tune of $1.2 trillion over a decade. But that wasn't what we enacted. What we enacted was $1.35 trillion—which is what it was billed at—but it really wasn't because, when you consider the 10th year that the tax cut was suddenly reverted to the present tax law, it was, in effect, a $2 trillion tax cut, which has usurped all of the available surplus.

In my speech yesterday, I pointed out the percentages; the biggest part was taken up by the tax cut. The recession, certainly, was a part of that. The projections were another major factor; they ended up being way too rosy.

Our economy at this time is still continuing to be sluggish, and although most analysts remain optimistic that we will pull out of this recession eventually, the path is not rising very fast. I think we ought to be conservative in how we approach this fiscal house to see if we can get it in order.

The economic indicators are disturbing. Last week those economic indicators dropped for a third month in a row and Nasdaq hit a 6-year low. Of course, most people know about the Dow Jones—it is really in the tank. Since the beginning of 2001, 2 million jobs have been lost—the first decline in the number of private sector jobs in half a century. The U.S. poverty rate rose last year for the first time in 8 years. Last year's administration's spending and tax cut plan is part of the reason it has resulted in today's collision course of more deficits, more debt, higher economic insecurity, higher interest rates, lower economic growth, and lower employment.

I come back to the floor of the Senate to again say to my colleagues what some of us in the moderate sphere of politics were trying to say last year as we were going through these budgetary discussions—that we ought to use moderation and we ought to use balance and take an approach that ultimately would get the fiscal house in order of stopping the annual deficit spending and fulfilling the promise that we made that the Social Security trust fund surpluses would not be used for other spending but, rather, would be fenced off and left so their surpluses could start paying down the national debt.

I appreciate the ongoing dialog about this impending war, but we also need to pay attention to the battles that we are already waging in order to keep a strengthened national economy, to help support the necessary battles that we are fighting in terrorism around the world.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Michigan is recognized.

THE EMERGENCY UNEMPLOYMENT COMPENSATION ACT

Mr. LEVIN. Madam President, the decline of our economy in the last year and a half is truly staggering. It is absolutely critical that we in Congress, before we leave, do everything we possibly can to help Americans who have been hurt by this downturn—in particular, the people who are unemployed and having trouble getting back into the workforce. That is why it is essential that before we leave we extend unemployment benefits and adopt the Emergency Unemployment Compensation Act of 2002, which has been introduced by Senator WELLSTONE, Senator CLINTON, myself, and others.

Over 8 million Americans are unemployed. Since January of 2001, the national unemployment rate has risen from 4.2 percent to 5.7 percent. According to the Center on Budget and Policy Priorities, between May and July of this year, approximately 900,000 workers exhausted all of the additional weeks of Federal unemployment benefits that they received as a result of the economic stimulus legislation that passed the Congress last March. By the end of this year, that number will swell to 2.2 million workers having exhausted their unemployment benefits.

We have lost more than 2 million private sector jobs since January of 2001. For the first time in 50 years, the number of private sector jobs has actually